

SPEECH BY THE MINISTER OF HUMAN SETTLEMENTS

HONOURABLE TMG SEXWALE

AT THE OCCASION OF THE PASSING OF THE SECTIONAL TITLES SCHEMES MANAGEMENT BILL AND
THE COMMUNITY SCHEMES OMBUD SERVICE BILL

NATIONAL ASSEMBLY, CAPE TOWN

TUESDAY, 22 FEBRUARY 2011

Speaker

Mister President

Cabinet colleagues

Honourable Members

The vision of Human Settlements 2030 is about accelerating the development of sustainable human settlements for all South Africans based on the provisions of the Constitution. It is about laying a solid legal architecture which gives legislative meaning to guide the delivery of integrated human settlements.

It is also about enhancing social justice through the deracialisation of the residential market.

Our mission is four-pronged:

- Firstly, the upgrading of informal settlements.
- Secondly, the provision of grants for low-cost housing.
- Thirdly, provision of guarantees to banks lending in the gap market.
- Fourthly, to regulate the activities of financial institutions in respect of their lending practices.

In our Budget Speech of 2009, we made the following commitment regarding our legislative programme: *“In order to accelerate the achievement of the ideal human settlements for our people, the department is planning to table before Parliament for consideration, several pieces of legislation.”*

A fair amount of work, research, consultations, site visits and deliberations have since taken place.

Therefore, the objective of today’s exercise is to table before this House two Bills for consideration and passing: the ***Sectional Titles Schemes Management Bill*** and the ***Community Schemes Ombud Service Bill***.

We are tabling these two Bills simultaneously due to the complementary nature of the two pieces of legislation which otherwise could have created an administrative logjam and a legal lacuna.

It is our expectation that the passing of the two Bills will facilitate the realization of the broader goal of enhancing social justice through the creation of a cohesive and integrated society.

The Bills also contribute to good governance and improved administration of sectional titles and community schemes.

The objective of these bills is to enhance legal protection to those who live in community housing schemes such as high-rise flats, inner city buildings, townhouse complexes or built-up estates. These include properties controlled by entities such as sectional title schemes, share block companies, homeowners' associations, otherwise known as gated villages, and housing schemes for retired persons.

More and more South Africans are beginning to look for shelter in these areas – particularly our young people, many of whom have just left tertiary institutions or are starting their first job.

The bills will also minimize the negative actions of some corporate bodies in these settlements which may want to ride roughshod over the interests of individual members.

Basic Functions of the Bills

The Sectional Titles Schemes Management Bill provides for the establishment of bodies corporate to manage and regulate common property in sectional titles schemes.

For effective and efficient implementation of the legislation, provision is made for the establishment of a Sectional Titles Schemes Management Advisory Council, to advise the Minister.

The second bill, the Community Schemes Ombud Service Bill, establishes a Community Schemes Ombud Service as a public entity with executive authority vested with the Minister to resolve disputes emanating from within community schemes.

There is a booming or ever-increasing proportion of human settlements which are being developed in the form of these community schemes, within which there is governance by the community involved, shared financial responsibility and common land and facilities.

Quite often, the cordial relations among members of these bodies corporate may deteriorate, giving rise to problems and disputes among the participants because they involve control and administration of finances, facilities and behaviour which require effective resolution.

Currently, there is no effective and affordable dispute resolution mechanism available to parties involved in community schemes. The Community Schemes Ombud Service is aimed at addressing this weakness.

In his State of the Nation address, the President made the call to make 2011 the year of job creation. As more people get jobs, this unlocks housing opportunities for those who are migrating from slums or informal settlements to proper housing – including inner cities.

In line with our new mandate and our goal of deracialising the residential market, Cabinet decided to bring all human settlements-related legislation under one roof: the Department of Human Settlements.

In the same light, Cabinet has established an Inter-Ministerial Committee led by the Department of Human Settlements to look into the Real Estate Agents' Act.

Our expanded mandate of human settlements requires a holistic approach to the creation of cohesive and integrated communities.

The promotion and development of sectional titles as a tenure option will invariably assist towards the realization of this goal.

The transfer and bond values captured by the Deeds Office highlight the significant role that these sectional titles schemes play in the creation of sustainable and integrated human settlements.

The two pieces of legislation before you are located within an extremely huge market in money terms.

For example, in 1999 in this property market sector, the transfer value was around R2.7-billion and the bond value around R6.2-billion. In 2009, ten years later, the transfer value rose to R53-billion and the bond value to a phenomenal R1.5-trillion.

Conclusion

Both the bills we are tabling today will assist the Department of Human Settlements in creating cohesive and integrated communities.

They will facilitate transformation of the community schemes environment.

In particular, the Sectional Titles Schemes Management Bill will have a significant catalytic effect on the property market, job creation and thus on the economy at large.

Our challenge is to inject life into the Act to make it effective and functional. There is absolutely no value in leaving the Act and putting it on the shelf.

People do not necessarily remember when Parliament passes the Act. What matters is how the passing of this Act will improve their daily living conditions.

That requires serious commitment on our part as the Executive and ongoing oversight by the Portfolio Committee.

Your passing of these Bills, which is located within Human Settlements 2030, creates a mechanism that provides concrete hope for many South Africans, many of whom will be first-time homeowners.

This is their instrument for the future.

I thank you.